

Message Text

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C O N F I D E N T I A L CAIRO 1753

AMCONSUL PORT SAID SENDS

E.O. 11652: GDS
TAGS: PINT, EG
SUBJECT: PORT SAID TENSE IN WAKE OF PRICE RISE RIOTS

1. SUMMARY: THE DISTURBANCES WHICH ROCKED EGYPT FOLLOWING THE NOW RESCINDED RISE IN THE PRICE OF BASIC CONSUMER GOODS FAILED TO MATERIALIZE IN PORT SAID, THOUGH IN SUEZ STUDENT DEMONSTRATIONS SHATTERED THE CITY'S CALM. LOCALLY, ENGINEERING STUDENT'S PLANS FOR A MARCH WERE ABORTED BY THE INTERVENTION OF SECURITY POLICE WHO ALSO, ON THE FIRST EVENING OF THE CAIRO/ALEXANDRIA TROUBLE, ARRESTED A LARGE NUMBER OF "LEFTISTS" IN PORT SAID. IN THE DAYS FOLLOWING THE DISTURBANCES, SEVERAL GATHERINGS HAVE AFFORDED THE OPPORTUNITY TO DISCUSS THE MATTER WITH LOCAL GOVERNMENT OFFICIALS AND MEMBERS OF THE BUSINESS COMMUNITY. REACTION IN ALMOST EVERY CASE HAS BEEN ONE OF FEAR AND CONCERN THAT RIOTS ARE ONLY BEGINNING OF INCREASED TURMOIL IN WHICH ARMY MAY EVENTUALLY TAKE CHARGE. MOST COMMON COMMENT IS THAT UNLESS ENORMOUS GAP BETWEEN RICH AND POOR CAN BE NARROWED IN VERY SHORT

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TERM, FRUSTRATION ESPECIALLY AMONG THE URBAN POOR WILL BRING DOWN PRESIDENT SADAT AND HIS GOVERNMENT. ALMOST NO ONE SEEMS TO BELIEVE THAT COMMUNISTS ARE RESPONSIBLE FOR RIOTS. END SUMMARY.

2. THE RIOTS WHICH SHATTERED EGYPT'S CALM LAST WEEK FAILED TO REPEAT THEMSELVES IN PORT SAID, THOUGH THE

ATMOSPHERE WAS BOTH TENSE AND FORBIDDING. SOURCES NEAR THE POLICE HAVE SAID THAT TWO FACTORS CONTRIBUTED TO MAINTENACE OF ORDER: FIRST, THE FAST POLICE ACTION WHICH ENDED A PLANNED MARCH BY THE CITY'S ENGINEERING STUDENTS IN WHICH SEVERAL STUDENT LEADERS WERE ARRESTED) AND, SECOND, THE ARREST OF A LARGE NUMBER OF LEFTISTS EARLY IN THE MORNING OF JANUARY 20TH. THOUGH NEITHER INCIDENT HAS BEEN MENTIONED PUBLICLY, THE CROWD OF WAILING WOMEN IN FRONT OF THE CENTRAL POLICE JAIL THURSDAY MORNING GAVE AMPLE EVIDENCE OF THE POLICE'S EFFICIENCY.

3 IN SUEZ, THE GENERAL CONSENSUS APPEARS TO BE THAT THE POLICE OVER-REACTED TO WHAT, IN ALL PROBABILITY, WOULD HAVE BEEN NOTHING MORE THAN A PEACEFUL MARCH BY STUDENTS. AS IT DEVELOPED, HOWEVER, THE STUDENTS WERE MARCHING PEACEFULLY THROUGH THE CENTER OF THE CITY, CHANTING VIRULENT BUT NON-VIOLENT SLOGANS AGAINST PRESIDENT SADAT, WHEN POLICE CONFRONTED THE MARCHERS AND FIGHTS BROKE OUT. IN THE MELEE, SEVERAL GOVERNMENT OFFICES WERE BURNED, INCLUDNG A POLICE STATION AND TWO POLICE CARS. IT SEEMS AS IF NO PRIVATE OFFICES OR CARS CAME IN FOR VIOLENT TREATMENT.

4 A WALK THROUGH PORT SAID'S ARAB QUARTER THURSDAY, JANUARY 20TH, REVEALED NO LESSENING IN BUSINESS ACTIVITY, IN SHARP CONTRAST TO THE CITY'S FOREIGN SECTION WHERE THE STREETS SEEMED MORE EMPTY THAN EVER. ARMED POLICE, REGULAR AND MILITARY, CONFIDENTIAL

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WERE IN EVIDENCE AT NEARLY EVERY INTERSECTION AND THE LATTER WERE, CONTRARY TO USUAL PRACTICE LOCALLY, WEARING HELMETS AND ARM BANDS.

5. A POLICE OFFICER, COMMENTING ON THE RIOTS AND THEIR AFTERMATH, REFERRED TO THE PLEDGES OF FINANCIAL ASSISTANCE COMING FROM SEVERAL ARAB STATES AND NOTED, WITH GENUINE SADNESS, THAT THE ARAB TALKS TOO MUCH AND DOES TOO LITTLE. HE SAID THAT HE DOUBTED THAT EGYPT WOULD EVER SEE THE MONEY THAT HAD BEEN PROMISED. THE SAME OFFICER HAD EQUALLY HARSH WORDS TO SAY ABOUT THE IMF, WHICH HE SAID HAD ASKED EGYPT TO COMMIT SUICIDE. WHEN I MENTIONED PRESIDENT SADAT'S STATEMENT TO THE EFFECT THAT FOOD PRICES WILL NOT AGAIN BE INCREASED, HE REPEATED HIS EARLIER CHARACTERIZATION OF THE ARABS AND DISMISSED THIS PRESIDENTIAL PLEDGE WITH A SHAKE OF HIS HEAD. FINALLY, HE MENTIONED THAT WHILE COMMUNISTS HAD UNDOUBTEDLY EXPLOITED THE SITUATION, THE RIOTS WERE A SPONTANEOUS RESPONSE TO THE FRUSTRATIONS OF

THE LOWER CLASS.

6. AT INDIAN NATIONAL DAY RECEPTION

JANUARY 25TH, PRINCIPAL TOPIC OF CONVERSATION WAS RECENT DISTURBANCES AND WHAT THEY PORTEND FOR THE FUTURE. OVERALL IMPRESSION THESE DISCUSSIONS MADE WAS ONE OF FEAR AMONG EGYPTIAN MIDDLE CLASS THAT THIS WAS BUT FIRST EXPRESSION OF COUNTRY'S GROWING FRUSTRATION AND THAT UNLESS IMMEDIATE STEPS ARE TAKEN TO REMEDY PLIGHT OF POOR, RIOTS WILL ERUPT AGAIN. IN PARTICULAR, THERE SEEMED TO BE FEAR THAT UNLESS PRESENT GOVERNMENT CAN SALVAGE SITUATION AND RESTORE CONFIDENCE IN ITS ABILITY TO DEAL WITH ECONOMIC ILLS THE MILITARY WILL ASSUME RESPONSIBILITY FOR EGYPT'S DESTINY.

COMMUNIST PLOT THEORY WAS GENERALLY DISMISSED, AND WIFE OF ONE MAJOR PORT SAID BUSINESSMAN WENT SO FAR AS TO CONFIDENTIAL

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SAY THAT POOR DID NOT NEED OUTSIDERS TO POINT OUT FACT THAT THEY WERE POOR.

7. AT RECEPTION FOR LEBANESE GREEK ORTHODOX

BISHOP I ASKED CHAIRMAN OF CITY COUNCIL MOTIVATION FOR FREE ZONE MERCHANTS ASSOCIATION'S JANUARY 2TH ANNOUNCEMENT THAT IT HAD CREATED A FUND TO ASSIST LOCAL BUSINESSMEN WHOSE PROPERTY IS DAMAGED BY "SUBVERSIVES". CHAIRMAN, WHO CAN NOT BE DESCRIBED AS POLITICAL SOPHISTICATE, SAID THAT AFTER EIGHT YEARS OF NEGLECT THE CITY'S POOR WERE TIRED OF CAIRO'S LACK OF SUPPORT AND THAT IF AN IMPROVEMENT IN LOCAL CONDITIONS IS NOT FORTHCOMING THIS YEAR THE SITUATION COULD BECOME DANGEROUS. PRESIDENT OF PORT SAID ASU SAID THAT HE EXPECTED TO SEE MAJOR CHANGES IN CABINET BY MID-YEAR AND VOICED CONCERN THAT MOBS HAD DICTATED POLICY. HE ALSO HAD HARSH WORDS FOR KUWAIT GOVERNMENT OFFICIAL WHO DESCRIBED INCIDENTS AS GOVERNMENT INSPIRED ATTEMPT TO FORCE GULF STATES TO INCREASE FINANCIAL SUPPORT FOR EGYPT.

8. DINNER HOSTED BY NUMBER TWO IN CANAL SHIPPING

AGENCIES COMPANY AND ATTENDED BY PORT SAID DIRECTOR OF MISR PETROLEUM AND LEBANESE/EGYPTIAN BUSINESSMAN ALSO DEVOTED BULK OF CONVERSATION TO EGYPT'S FUTURE. THRUST OF TALK WAS THAT ANY AWARE OBSERVER COULD HAVE PREDICTED RIOTS AND ONLY SURPRISE IS THAT THEY HAVE BEEN SO LONG IS COMING. ENORMOUS, GROWING GAP BETWEEN RICH AND POOR COUPLED WITH LATTER'S LACK OF OPPORTUNITY CREATE EXPLOSIVE PRESSURES IN URBAN CENTERS. PRICE INCREASES FOR

BASIC STAPLES WERE, IN EFFECT, ASKING
THE POOR TO BEAR FINANCIAL BURDEN OF EGYPT'S ECONOMIC
RECOVERY.

9. LEBANESE/EGYPTIAN BUSINESSMAN, BORN IN PORT SAID,
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SAID THAT NET EFFECT OF RIOTS ON FOREIGN INVESTOR WOULD
BE DISASTROUS. HE POINTED OUT THAT AFTER TWO YEARS OF
BUILDING CONFIDENCE IN EGYPT, RIOTERS HAD RESURRECTED
THE IMAGE OF AN EGYPT GONE MAD. HE WENT ON TO SAY THAT
HE WOULD NOT INVEST IN EGYPT AFTER HAVING EXPERIENCED
NATIONALIZATION IN 1960 AND THAT HE EXPECTED FELLOW
BUSINESSMEN FELT THE SAME WAY.

10. AS AN ADDED INSIGHT INTO THE LOCAL ATMOSPHERE,
IN PAST WEEK THREE PROMINENT PORT SAIDIS HAVE
INFORMALLY AND DISCREETLY INQUIRED ABOUT THE
POSSIBILITIES OF IMMIGRATION TO THE UNITED STATES
FOR THEIR CHILDREN. ONE GETS THE DISTINCT
IMPRESSION THAT THE DISTURBANCES OF MID-JANUARY
CRYSTALIZED THE FEARS OF PORT SAID'S MIDDLE CLASS AND
THAT, RIGHTLY OR WRONG, THEY EXPECT THE SITUATION TO
WORSEN CONSIDERABLY BEFORE IT IMPROVES. SIGNED SURBER.
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